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E.O. 12958: DECL: 2020/01/05
TAGS: ECIN ECON ETRD PINR PREL MU
SUBJECT: OMAN AND IRAN TO ESTABLISH A \$50 MILLION JOINT VENTURE
INVESTMENT AUTHORITY

CLASSIFIED BY: Richard Schmierer, Ambassador, Department of State,
Embassy Muscat; REASON: 1.4(B), (D)

¶1. (SBU) The Omani Center for Investment Promotion and Export Development (OCIPED) recently announced on its website that it is in the process of establishing an Oman-Iran investment company with an initial capital input of \$50 million. The head of OCIPED, Dr. Salem Nasser Al Ismaily, signed an agreement for the establishment of the company with Dr. Mahdi Radwi, the Chief Executive Officer of Iran Foreign Investment Company. The purpose of the company is to "further enhance the commercial and economic cooperation between the Sultanate of Oman and the Islamic Republic of Iran." OCIPED foresees the company as playing an important role in increasing the economic cooperation and trade exchange between the two countries. The joint venture comes six years after OCIPED established an economic cooperation office in Bandar Abbas to provide commercial services to businesses and investors from Iran and Oman. The office also provides information on commercial and investment opportunities and coordinates with the public sectors in both countries. OCIPED also assists Omani exporters in entering the Iranian market.

¶2. (C) OCIPED is the government body tasked with promoting Omani exports and is a department within the Ministry of Commerce and Industry. As part of its active promotion of trade linkages, OCIPED has entered into numerous Memoranda of Understanding, including with South Korea and Malaysia. In a recent meeting with EconOff, the Acting Director General of Export Development, Faris Al Farsi, stated that Oman had contracted for market studies on how to enter the market of/maximize trade with a number of non-GCC Arab states or states with which there are traditional ties; Libya, Syria, Yemen, Iran, Kenya, Tanzania and Sudan. (NOTE: OCIPED used the U.S.-based firm Ernst & Young for the Iranian market study. END NOTE)

¶3. (C) COMMENT: It is OCIPED's mission statement to promote Omani exports. Iran is a logical export destination as an historic trading partner and the inexpensive shipping costs given its proximity. As Oman, a country of comparatively limited wealth in the GCC context, looks to diversify out of oil dependency, it makes economic sense to pursue these ties. While this new investment authority may boost Oman-Iran trade ties, the overall economic relationship between the two countries remains limited in light of the two countries' location and historic trade relationship. Notably, Oman is also concurrently pursuing strengthening its trade relationship with the U.S., with which Oman has its most comprehensive bilateral trade agreement. END COMMENT.
Schmierer